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Standing Committee on Agriculture and Agri- Food

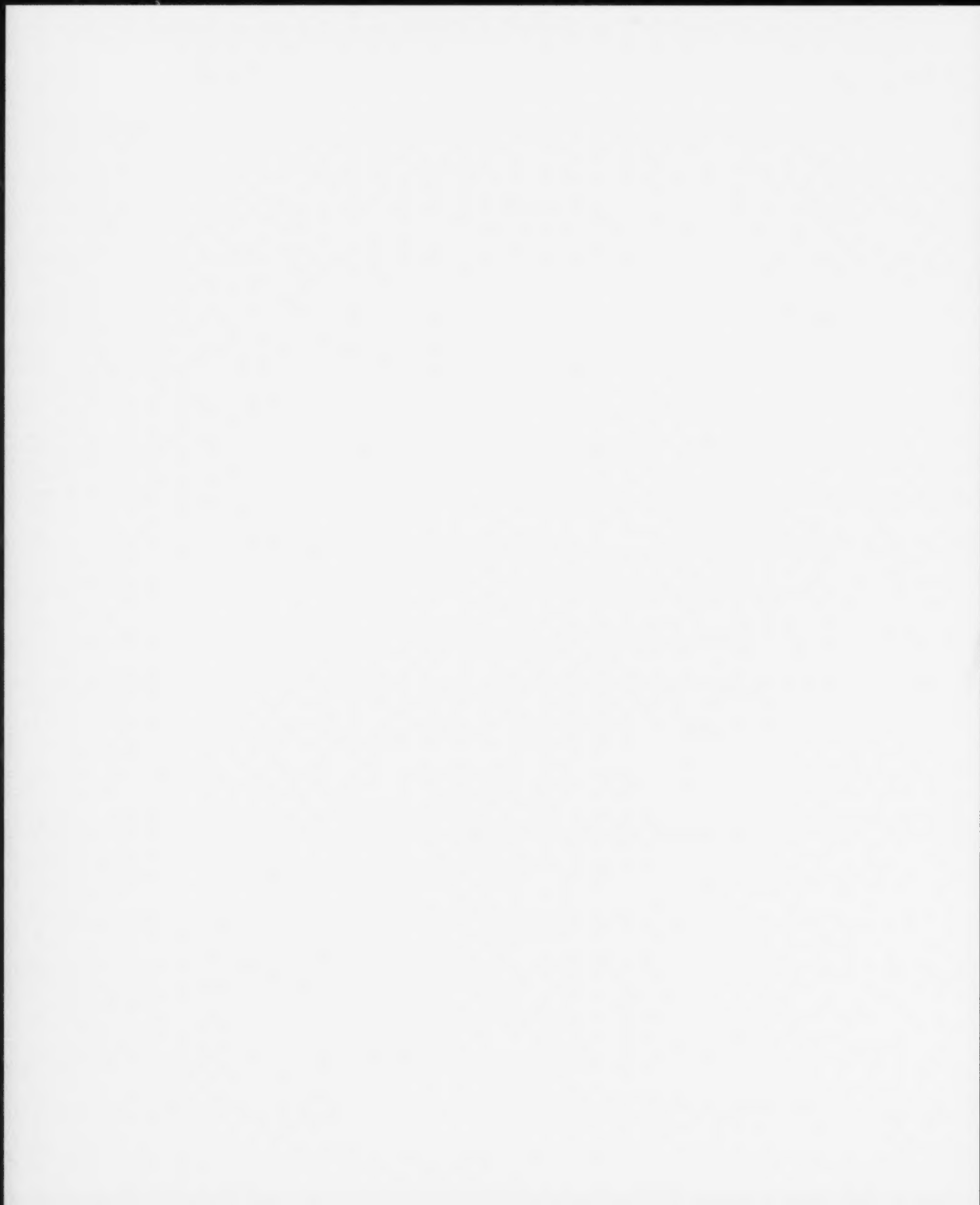
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Monday, April 16, 2018

Chair

Mr. Pat Finnigan



Standing Committee on Agriculture and Agri-Food

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• (1535)

[Translation]

The Chair (Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.)): Welcome to this meeting of the Standing Committee on Agriculture and Agri-Food.

[English]

Pursuant to Standing Order 108(2), we are studying the role of food inspection agencies in the context of free trade agreements.

With that, I'd like to certainly welcome our guests today. From the Canadian Food Inspection Agency, we have Mr. Fred Gorrell, assistant deputy minister, international affairs branch, Department of Agriculture and Agri-Food. From the Department of Agriculture and Agri-Food, we have Frédéric Seppey, assistant deputy minister, market and industry services branch. Also, from Global Affairs Canada, we have Jay Allen, director, sanitary and phytosanitary division; and Mr. Michael Wylie, deputy director, sanitary and phytosanitary measures. Welcome.

We shall start with a statement. I understand, Mr. Seppey, that... Sorry, Mr. Gorrell, you will be giving the opening statement.

[Translation]

Mr. Fred Gorrell (Assistant Deputy Minister, International Affairs Branch, Department of Agriculture and Agri-Food, Canadian Food Inspection Agency): We are both Fred.

[English]

The Chair: We usually have seven minutes, but since there is only one opening statement, we'll be a bit more lenient.

Go ahead, sir.

Mr. Fred Gorrell: Thank you, Mr. Chair.

As you said, my name is Fred Gorrell. I'm the assistant deputy minister of the newly created joint Canadian Food Inspection Agency and Agriculture and Agri-Food Canada international affairs branch.

I appreciate your invitation to participate in this study and for giving me the opportunity to explain the CFIA's roles in the context of free trade agreements signed by Canada.

[Translation]

While the Canadian Food Inspection Agency (CFIA) and Agriculture and Agri-Food Canada (AAFC) have different mandates—which continue to be upheld—our new structure offers

opportunities, including the benefit of the CFIA and AAFC being able to maximize the use of resources dedicated to the resolution of market access issues and to speak with one voice internationally and domestically.

Concerning the CFIA's role regarding free trade agreements, I will start by clarifying that the CFIA plays a unique role in international trade. The CFIA is Canada's regulatory agency dedicated to food inspection and safeguarding Canada's animals and plants.

The CFIA's main priority is preserving the health and safety of Canadians. However, the work we do also plays a key role in facilitating international trade.

[English]

The CFIA supports the government's free trade agenda by participating in free trade negotiations and implementing free trade agreement provisions related to its mandate, once these free trade agreements come into force. In these free trade agreements, Canada has two main objectives: protecting the ability to take measures necessary to keep Canadians safe, and encouraging the adoption of science-based and risk-based sanitary and phytosanitary measures.

Canada's regulatory system to promote food safety and protect Canadians' animal and plant resource base is respected around the world, and our agriculture and agri-food products are in demand globally. In order to facilitate trade and to protect Canada's food supply and animal and plant resource base, the CFIA is responsible for administering and enforcing legislation related to the import and export of food, animal, and plant products.

For export, the work of the CFIA provides the assurances that export markets need to open borders to Canadian products and to keep markets open. For example, the CFIA is the only regulatory agency in Canada that can negotiate sanitary or phytosanitary export certificates with international trading partners.

For imports, our requirements are designed to protect the Canadian food safety and animal and plant health system. It is the strength of Canada's domestic system that gives other countries confidence in our food and safety and animal and plant health systems, and provides a foundation for advancing a market access for Canada's agricultural exports.

In many cases where Canada's regulatory requirements and oversight for export are recognized as meeting the requirements of an importing country, the CFIA negotiates equivalency arrangements. The CFIA also negotiates import conditions to make sure that food, animals, plants, and related products coming into Canada meet our own high standards.

[Translation]

Now let me get a bit more specific about free trade agreements.

Recently, this committee concluded a study on the impact of non-tariff barriers to the sale of agricultural products in relation to free trade agreements. During the discussions, witnesses testified to the negative impact that the unjustified use of non-tariff barriers can have on exports.

[English]

While there are a number of types of non-tariff barriers, the two categories most relevant to the CFIA are technical barriers to trade, often called TBT, and sanitary and phytosanitary measures, called SPS.

TBT measures are technical regulations dealing with the product's characteristics or how it is made, including procedures for assessing whether a product conforms to a requirement. Then there are SPS measures. Food safety and animal health fall under sanitary measures. Plant health falls under phytosanitary measures.

It is very important to remember that, in the vast majority of cases, the use of TBT and SPS measures are justifiable. In fact, they are often necessary to make sure that imported food is safe and that the agricultural sector is protected from the introduction of pests and diseases that could have a devastating effect. It is only when such measures are not justifiable or become overly restrictive that they become trade concerns.

Because Canada is an export-dependent country and a medium-sized economy on the world stage, multilateral agreements and standards-setting bodies are essential to create the predictable trade rules upon which Canada's agricultural exporters depend. The World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures is the international agreement that establishes disciplines on measures dealing with food safety, animal health, and plant health. As such, the World Trade Organization SPS agreement is the cornerstone of Canada's international trade policy on animal and plant health matters.

As Canada's principal regulator of sanitary and phytosanitary measures, the CFIA leads Canada's participation on the World Trade Organization SPS committee, where the rules on SPS measures are further elaborated.

• (1540)

[Translation]

The CFIA is also involved with international standard-setting bodies and the development of international standards.

The CFIA leads Canada's participation when standards concern animal and plant health.

The CFIA co-leads participation with Health Canada when the standards concern food.

The CFIA works with the Codex Alimentarius Commission for food standards; the International Plant Protection Convention for plant standards; and the World Organisation for Animal Health (OIE) for animal standards.

[English]

In addition to pursuing work multilaterally, the Government of Canada has a bilateral trade agenda that is both ambitious and progressive. This includes negotiating new free trade agreements with a number of fast-growing Asian markets, such as India, as well as negotiating the modernization of existing free trade agreements such as the NAFTA.

In recent years, successive rounds of tariff reduction, through bilateral and multilateral trade agreements, have limited the country's ability to restrict access to certain markets through tariffs. Consequently, non-tariff barriers, including the unjustified use of TBT or SPS measures, would seemingly seek to protect human, animal, or plant life or health, but are in fact disguised restrictions on the international trade they have increased.

Members of the Canadian agricultural sector stress that the avoidance or resolution of non-tariff barriers will make the difference between achieving commercially viable access to critical export markets or not. As mentioned previously, the CFIA also supports the government's free trade agenda by participating in free trade agreement negotiations and implementing free trade agreement provisions once they come into force. The CFIA co-leads, with Global Affairs Canada, the negotiations of provisions that seek to preserve the right to take necessary measures to protect the country's food and plant and animal resource base, and include disciplines that these measures not be disguised restrictions on trade.

Ten of the 13 free trade agreements that are enforced in Canada include stand-alone SPS chapters. As I mentioned before, the CFIA does more than participate in the negotiations of free trade agreements. Once an agreement is in force, the CFIA plays an important role in implementing the provisions outlined in the agreement. For example, the Government of Canada often establishes sanitary and phytosanitary committees with key free trade agreement partners. These committees provide a forum to meet and discuss SPS issues with a view to facilitating trade, enhancing co-operation among partners, and resolving issues.

Seven of Canada's 13 agreements include SPS committees. The CFIA also undertakes the technical work, such as negotiating export certificates, assessing risk for importing goods, and participating in incoming and outgoing audits that support import and export activities as a result of new trade agreements.

Regulatory work to create predictable, science-based rules and regulations is increasingly important for the Canadian agri-food sector to gain access to foreign markets.

[Translation]

The CFIA does not work in isolation in the area of trade and free trade agreements. All of our work is done in active collaboration with other government departments, our stakeholders and like-minded countries.

What we do is bring our food safety and animal and plant health expertise to the table when agreements are being negotiated and implemented.

Following our mandate, the CFIA works to open global markets for the benefit of Canada and all Canadians.

Thank you.

[English]

The Chair: Thank you, Mr. Gorrell.

Now we'll start our questions. As we don't have any from the Conservative Party, we'll just go ahead. I do want to highlight the presence of two new members on our side.

Mr. T.J. Harvey, who is not a stranger to agriculture, welcome to the committee.

Mr. T.J. Harvey (Tobique—Mactaquac, Lib.): Thank you.

The Chair: Also, welcome Mr. Majid Jowhari. We both got sprayed by a bus about 10 minutes ago on the sidewalk. It's been quite the walk.

Mr. Majid Jowhari (Richmond Hill, Lib.): It was a great experience.

The Chair: We'll go to Mr. Francis Drouin for six minutes.

Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.): Thank you, Mr. Chair.

Thanks to the witnesses for accepting to come in front of our committee. I know it's not the first time that some of you have been here.

Mr. Gorrell, you mentioned the equivalency agreements amongst countries. Can you explain to the committee what that entails?

Mr. Fred Gorrell: An equivalency agreement is when we look at outcome-based regulation. If it's an inspection system—how we inspect meat, pork, whatever—we have an equivalency that our outcome, the protection based on risk, is the same as the other country. It doesn't mean that we do something exactly the same. It's not prescribed "one, two, three, four". It means the outcome, protecting the health and the safety of the product, is equivalent. We deem it equivalent.

The two countries evaluate each other's systems. Do they have the positions in place to ensure that the outcome is exactly to the level of safety of the other country? Then it would be deemed equivalent. It's not done with every country. You have to have similar inspection systems. You try to have equivalent systems with other countries because it provides flexibility in how you will interact with that country.

• (1545)

Mr. Francis Drouin: Is it possible for those countries that have put these agreements in place to suddenly put a barrier in place, even though we have an equivalency agreement on certain products?

Mr. Fred Gorrell: That's a simple but very big question. As you heard, from your report that you tabled in November, there are a lot of non-tariff barriers. I'm going to get to your question, but I'm going to come at it in a couple of ways.

One of the answers is, yes, for equivalency agreements, if you look at what we do and what you do, and we deem it equal, it should work. At the same time, often other countries might put in other requirements, such as permits and labelling. There are opportunities, if a country wanted, to introduce non-tariff barriers in other contexts. Of course, we look at that very frequently to see what's going on.

To your question, equivalency doesn't mean you have access and there can't be other problems.

Mr. Francis Drouin: How do you determine priorities within your section when a Canadian company identifies a non-trade barrier after international trade agreements are signed? How do you say that you're working on this issue right now versus this other one? You would recall from the last committee that there were 300 priorities within the CFIA. How do you identify which is the number one you're working on?

Mr. Fred Gorrell: It's a good question. My colleague, Mr. Seppay, would be much more eloquent than I in talking about those 300.

The 300 is an example of the challenge. There are always lots of non-tariff barriers. We have the market access secretariat, which was in your report. We consult with all sectors in the industry every year. We talk with the provinces as well as other governments, colleagues, Global Affairs, Agriculture and Agri-Food Canada, and the CFIA. Based on that, we look at our priorities for the coming year. That will be based on a number of criteria. They're all open and transparent; we share that with the industry. The criteria are the following: What was the greatest economic opportunity? Do we have a free trade agreement? Has there been a ministerial commitment? How easy or how difficult would it be for us to achieve that?

At the end of the day, there will always be finite resources and a number of... We will look at that. We're quite open and candid when we talk to the industry saying, for example, "We can't do yours now," or "Yours is a priority and we're spending a significant amount of time with it." That is done. We have an interdepartmental committee that also validates that.

Mr. Francis Drouin: When we're chatting with the stakeholders, the perception is sometimes that it is only we who face non-trade barriers. I've spoken to representatives from other countries, and they, too, hear that they face non-trade barriers in Canada. How do you factor that into the decision-making? Canada is in a hockey period. We are playing good hockey within the rules. We want to get it accomplished. How do you measure the other country's willingness to participate in that as a fair player? If they're not being up front about being willing to solve the issues, how do you factor that into your decision-making?

Mr. Fred Gorrell: Again, I would say it's a straightforward question, and the reply isn't always easy.

If I may, I'll just use an example. Whatever the country is, I want to export my greenhouse peppers. I'll put it in, and we will ask the other country to do it. One of the problems right now with the number of bilateral agreements that are being, if I may say, proliferated around the world, is that there's a capacity issue for many countries the same way there is for us.

Look at China. Everybody wants to export to China, but the Chinese have the capacity to do only so many risk assessments at any particular time. So for those peppers, they come back and say, "Mr. Gorrell, you know what, we'll get to those peppers after we do your blueberries, after we do your cherries, after we do your whatever," and that is an issue, too. Part of the discussion is about the prioritization, having the candid conversation about what we can do on our side, but also on the other side.

To your question, yes, sometimes there will be, let's say, a less than honourable intent in the delay on it, but often there is a natural progression in the time it takes us. For example, with some of the non-tariff barriers and the access we've had with other countries, it is not unusual—and I'm almost apologetic about saying this—for it to take years in some cases to get things done. There are some less than honourable non-tariff barriers, but in many cases the capacity and the ability to get things done do take years.

• (1550)

[Translation]

The Chair: Thank you, Mr. Drouin.

[English]

Thank you, Mr. Gorrell.

[Translation]

Mr. Berthold, it looks like you may be speaking a lot today. You have six minutes.

Mr. Luc Berthold (Mégantic—L'Érable, CPC): Thank you. Yes, it is possible. Because of the weather conditions, my colleagues are still in Alberta and they were unable to be here today.

My apologies for being late. The leader of my party was making a statement in the House about the tragedy of the hockey players in Humboldt, and I really wanted to be there to show my support for the community.

My questions may be the same as my colleague's. Unfortunately, I missed your presentation, but I beg your indulgence for that today.

Thank you very much for being here.

Here is one of the reasons why I proposed that the committee study the agency's role in free trade agreements. In my dealings with producers everywhere, both small and large, I have heard all sorts of things. I said to myself that the best way to get answers was to invite stakeholders to the committee.

Among other things, I was told that it is more difficult for Canadians than for others to engage in international trade. Mr. Gorrell, I'm sure you've heard that before. Small producers say that they must follow certain standards to have CFIA's

authorization to export their products. Unfortunately, we don't feel that Canada's competitors, when they export to our country, have to undergo the same inspections and constraints. It may just be an impression, but it's the first comment I heard when I became the agriculture critic. That's what I hear most often when I talk about the agency. I hear other things as well, but that's the first comment I get when it comes to international trade.

Could you tell me what you think?

Mr. Fred Gorrell: Thank you for your question.

I think Canada is very successful on international markets. However, Canadian standards are more or less in line with international standards. We follow international standards, but Canada ultimately sets its own standards.

That is a good question and I would like to take some time to think about it before I answer. Could you repeat the question?

Mr. Luc Berthold: Why is it more difficult for Canadian producers, particularly smaller ones, to obtain permission from the Canadian Food Inspection Agency to export their products than it is for producers from other countries to export their food here?

That's the comment I have heard most often.

Mr. Fred Gorrell: Okay.

Standards for imports and exports in Canada are the same. We may feel that it's not the case and that imports are subject to standards that are lower than Canadian standards. However, all the products made in Canada and all those imported to Canada must follow the same standards, without exception. We may have this impression, but the Canadian Food Inspection Agency reviews the imports and determines the risk. Is the risk high or low?

There's always the perception that other countries' standards are lower than Canadian standards. I don't think so. In fact, I know they are not.

• (1555)

Mr. Luc Berthold: I'm telling you about it, because I often hear that comment. People think their products are inspected too much. Of course, when there is competition, people always want the best results.

Mr. Fred Gorrell: In a sense, it's a bit difficult because there are more free trade agreements between Canada and other countries. Because of that—or thanks to that, depending on the viewpoint—the competition is fiercer. This is one of the challenges. The Canadian border is also more open to importing products now.

Mr. Luc Berthold: Go on, it's interesting.

Mr. Fred Gorrell: That impression exists. Actually, competition between Canadian products and imports is stronger, which causes more stress.

That being said, Canada is the fifth largest exporter in the world, but it is also the fifth largest importer.

Mr. Luc Berthold: If I understand how that works, under international agreements, the Canadian Food Inspection Agency gives authorization to export Canadian products abroad.

Is that it?

Mr. Fred Gorrell: Yes.

Mr. Luc Berthold: Okay.

Do you think the level of reliability of the food inspection agencies in all countries with which Canada has free trade agreements is the same?

Mr. Fred Gorrell: If you're talking about countries with which we have free trade agreements, the answer is yes.

Mr. Luc Berthold: In terms of inspection and the number of inspectors, are all the agencies the same? Are some agencies more active than others?

Mr. Fred Gorrell: I'll ask my colleague to answer your question.

Mr. Frédéric Seppéy (Assistant Deputy Minister, Market and Industry Services Branch, Department of Agriculture and Agri-Food): I think I understand your concern on behalf of certain producer groups.

Canada's system is one of our best business cards for exports. Our regulatory system is based on facts and science. The Canadian Food Inspection Agency ensures that its decisions are based on science and facts, whether for imports or for export certificates.

The Chair: Mr. Seppéy, I have to interrupt you.

Mr. Frédéric Seppéy: Okay. I will have other opportunities to talk about it.

The Chair: Yes.

[English]

We'll go to Mr. MacGregor.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you, Mr. Chair, and I'd like to thank all the witnesses for appearing before the committee today.

Mr. Gorrell, I want to go through a few of the statements you made in your remarks. You said that members of the Canadian agriculture sector stress that it is the avoidance or resolution of non-tariff barriers that will ultimately make the difference between achieving commercially viable access to critical export markets, or not.

When we're seeking that access, there's always a quid pro quo. Other countries are seeking access to our markets, so it goes both ways.

Mr. Fred Gorrell: That's right.

Mr. Alistair MacGregor: You also said that regulatory work to create predictable, science-based rules and regulations is increasingly important for the Canadian agri-food sector to gain access to foreign markets, and likewise they're seeking access to our market.

Going back to the beginning, keeping in mind those two statements, you said that in free trade agreements, Canada has two main objectives. We want to protect the ability to take the measures necessary to keep Canadians safe, and we want to encourage the adoption of science-based and risk-based sanitary and phytosanitary measures.

Keeping all of those in context, it sometimes seems the CFIA has a difficult balancing act between corporate bodies. In many cases the existence of a national border may seem like an inconvenience, because it has operations all around the world. You have corporate interests that seek to move product to maximize profit, but then you have the populations of each country, which may have differing interests and concerns.

Looking at your mandate and the competing interests between possibly the corporate world and what the consumer world wants, how do you achieve that balance? Ultimately, what is it that guides you in trying to find that balance between what may be competing interests?

Mr. Fred Gorrell: There's a lot in your question. To help clarify this, first of all, one of the things that has helped the food inspection agency, which, as I've indicated, is responsible both for importations and for exportations, is that at the same time there is the creation of the new international affairs branch. I report both to the president of the Canadian Food Inspection Agency and to the deputy minister of Agriculture and Agri-Food Canada. It has helped by bringing together the resources of both the Canadian Food Inspection Agency and Agriculture and Agri-Food Canada. We're better placed to understand what is needed both for our exports and for the imports.

I think you made a very good point, which is that in the trading world we live in, when someone wants to export, someone wants to import. It's not quid pro quo, not at all, but at the same time, as I said in my first question, they have to respect the standards in Canada when they're based on the risks. The CFIA is able to look at the importations and the exportations independently, but they're not done in isolation. To say they're done in isolation would sort of.... That's one of the reasons we've created my new branch.

When you look at this and at the complexity of the world, I think you've made some good points relative to the corporate structures of the world and free trade agreements. The world is becoming much more complex. By bringing in the resources of a group from Agriculture Canada, who actually are trade analysts who are looking at it—my colleague is the chief ag negotiator as well as assistant deputy minister—together with the CFIA, it allows us to balance some of the issues, or the way you've identified them. I'm quite confident that we're able to do both. We are able to maximize opportunities for our exports, but also to understand the complexity of people wanting to export.

• (1600)

Mr. Alistair MacGregor: If we drill down to the specifics on the import controls, I think the CFIA takes a risk-based approach. You inspect a sample of imports rather than all imports. I come from the west coast, where the Port of Vancouver is an extremely busy place. Can you give us a bit more information on how you do that sampling? Are you relying on intelligence networks overseas that make you suspect a certain container? Or is it just randomly done?

Mr. Fred Gorrell: That's a good question.

As I said, things are becoming more complex. We have intelligence from abroad that we use, intelligence from other countries—for example, with a number of like-minded countries. We work very closely with the United States, with Australia, and with the European Union as well. We can't test everything, because we're the fifth-largest importer in the world as well as an exporter, but at the same time, we target products based on risk. We know from import controls what's coming in, and most cases in advance.

One of the things we've done is that in budget 2016 there was funding given to the CFIA to start looking at and working with industries and establishments in other countries. We are looking at and intercepting and having conversations about food products prior to them coming to Canada, as well as when they come to Canada.

Mr. Alistair MacGregor: When it comes to a Canadian port of entry it may already have a CFIA tag on it saying that it has had a pre-inspection or...?

Mr. Fred Gorrell: It's not necessarily a pre-inspection. The idea would be that we have an opportunity to verify establishments and systems as well as doing technical assistance with them. By doing that, we'll have a level of assurance of the quality of the products coming in, because it's always about compliance. We want products to be in compliance. If we're able to do that with a few countries, that means we have a higher level of comfort and confidence in that product.

We put our resources in the areas of higher risk. We intercept here in Canada based on a lot of intelligence as provided to us by our import permits, as well as work with other countries, and now we are working in other countries prior to product coming here.

Mr. Alistair MacGregor: When it comes to perishable goods, do other countries sometimes think it's a non-tariff barrier to trade when you're doing an inspection of a perishable product because maybe you're delaying it by an extra day?

Mr. Fred Gorrell: That is a good question. That works as well for Canadian products that are going south to the United States, as you know. Perishable products such as fruits and vegetables are always time sensitive. At the end of the day, everybody would try to minimize any damage, but if there are legitimate health and safety concerns, the product needs to be inspected.

The Chair: Thank you, Mr. Gorrell and Mr. MacGregor.

Mr. Longfield, you have six minutes.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Mr. Chair, and thanks to all of you for being here again.

I want to expand on the discussion around importing and exporting and how your business models and the technology being used are keeping up.

The Prime Minister was in Peru this past weekend. We're looking at expanding trade. We have a free trade agreement there. Since 2008 we've doubled our volume with Peru. I have some figures from 2017 in front of me. Our animal and produce exports were at \$11 million, with our imports from Peru at \$31 million.

With this doubling in Peru, we're also looking at the Mercosur trade area, at different markets in a different part of the world. How do you keep up with the growth in business that we're seeing from

these countries, either through technology or through business practices?

• (1605)

Mr. Fred Gorrell: One of the areas the food inspection agency is very much focused on is e-certification. We have a platform we've just started this year that is e-certification, so we're looking at both food from animal origins and plant origins. That will be something that will allow us to have inspection certificates well in advance to be able to—as your colleague, Mr. MacGregor, asked about—look at things in advance. Also, we're working with some of the international standard-setting bodies. The IPPC, the International Plant Products Convention, is looking at a platform to facilitate phytosanitary certificates to be shared amongst countries in advance, and also at creating a database.

We are evolving. It is very clear the amount of food product that is being traded internationally from all countries all the time means that we have to use our resources smarter, quicker—all of those types of things that you're aware of. There is very much a change and an opportunity to look at technology and where it can help us. As I said to Mr. MacGregor, also under budget 2016, we were able to get resources at the food inspection agency to actually do inspections and audits of systems and verify plants prior to product coming to Canada. So if there are problems, for example, the problem stays out there. It doesn't come into Canada.

Mr. Lloyd Longfield: In that time frame, just as we were elected, I was visiting a semen exporter north of Guelph, Semex—

Mr. Fred Gorrell: I know them well.

Mr. Lloyd Longfield: —and their volume is increasing. They're going to multiple countries. They're saying, we don't think have enough resources at the CFIA. It sounds like some of that may be changing.

Mr. Fred Gorrell: We have received money under the budget. Everybody always wants more resources. That's always a key thing. Obviously, the food inspection agency and departments take what Parliament gives them. But I think in terms of the initiatives that we have in using technology, making agreements—your colleague, as well, Mr. Drouin, made reference to equivalency—it's about where can we work with like-minded countries in making sure that we are protecting the food and safety of Canadians at the same time as having opportunities to export.

So, yes, I think we're able to use our resources quite effectively.

Mr. Lloyd Longfield: Terrific answers, thank you.

Looking towards processed foods, the Premier of Ontario has been really pushing processed foods, value-added agriculture. We look at Japan as being an opportunity for Canadian pork and frozen crab, but also they're the third-largest export market of agriculture and agri-food products for Canada. Looking at what needs to be done in order to increase our processed food exports to Japan, is that different from non-processed foods? As we push into different sectors, does that put pressures on the CFIA or AAFC that we need to know about?

Mr. Fred Gorrell: It's a good question in a number of ways. First, obviously Canada is a great exporter of primary products: grains, oilseeds, meat. When you look at the economic strategy tables that have been announced by the government, moving forward we want to increase our exports to \$65 billion. The idea would be that it has to be value-added. That will have to be a part contributing to it. I think one of the things, quite frankly, is that we have a great opportunity. We have some of the safest and best foods in the world. Knowing the Japanese market, with the ratification, if we go forward with CPTPP—and I'll let my colleague, Mr. Seppey, talk about some details—there's a great opportunity for us to have access to that market. But one of the things I've learned is that many of the Asian markets change their product line continually, so we would have to make sure we also understand the markets we're going into and make sure our exporters are well versed in that as well.

Now, Mr. Seppey, would you have anything to say relative to the opportunity?

Mr. Frédéric Seppey: Yes.

Very briefly—and it touches on the question that Mr. Berthold asked—one of our best assets in terms of selling our products abroad is the rigour of our food safety system. By putting in a lot of resources, and ensuring that we have and we work with regulated entities, CFIA is able to proclaim—and we do that and Global Affairs Canada and AAFC assist in supporting those messages—that the Canadian food safety system as a whole is at the top of all the systems in the world. This is with clients like Japan, for example, where the level, the expectation, in terms of the quality but also the food safety, is so important. By pooling resources and focusing on the safety of our system at home, there are important ramifications and impacts in terms of our exports abroad.

• (1610)

Mr. Lloyd Longfield: Tremendous. That's very helpful. Thank you very much, both of you.

The Chair: Thank you, Mr. Longfield.

[Translation]

Mrs. Nassif, you have six minutes.

Mrs. Eva Nassif (Vimy, Lib.): Thank you, Mr. Chair.

My thanks to the witnesses for their presentations.

My questions is about the science-based approach. Perhaps Mr. Gorrell can answer, or anyone else.

Could you give us examples of how you use science to develop your policies, to carry out risk analyses and to make your decisions?

Mr. Fred Gorrell: Thank you.

Actually, science is at the root of all the decisions the agency makes. There is science, political science and social sciences. Decisions are based on what is truly science, because it is impartial and it does not involve emotions. Science reassures us that the decisions are good.

There are phytosanitary risk assessments and analyses. Science validates the decisions that are made. In addition, it is always based on international standards. There are international standards for

plants, animal health and safety. In short, science validates the decisions.

[English]

The science is the base that is used to give an impartial decision that has been researched and analyzed. When we look at risk, for example, we have a rather large ability to do a pest risk assessment, and that determines whether the product coming into Canada is of high risk, medium risk, or low risk. Then, based on that risk, we determine what measures are required to mitigate or balance that, so that our research as well as the science.... It could be our genetics as well, by the way.

You made reference to science *en générale*, and science is a big part of our innovation agenda as well. Science-based, evidence-based rules are how we make our decisions. At the same time, using science and research is part of our innovation agenda where we're able to in effect have better varieties and better genetics, and able to do things that other countries aren't. That gives us a bit of a cutting edge, a foot up on other countries. It supports our export agenda as well.

[Translation]

Mrs. Eva Nassif: Thank you very much.

Could you tell us how you work with other countries to implement risk management and inspection systems?

Mr. Fred Gorrell: There is co-operation between Canada and other countries in terms of regulations. I will use the same example.

[English]

When we do a risk assessment, we work with the other country in regulatory co-operation. Often, we will look at what we can do between the two countries where our regulations are the same. We'll do an assessment of our regulations. At the same time, we're looking at the risk. Part of it would be, if we want them to accept our product, we have to substantiate from a science point of view and in terms of regulations how we're going to protect their country from our product.

We're also a great exporter, but many countries also want to know that we're not giving them diseases or pests, and so on. For regulatory co-operation, working with another country, we look at equivalency if we have it. Is there an opportunity to have equivalency? Is our system the same as your system? At the same time, we will sometimes do joint studies to see what the level of risk is from a regulatory point of view as well.

[Translation]

That said, I'm not sure I fully answered your question.

Mrs. Eva Nassif: You answered it, but it does not fully shed light on the decision-making issue.

Mr. Fred Gorrell: I will ask my colleague Mr. Seppey to give you more details.

Mr. Frédéric Seppey: We apply scientific principles to approve biotechnology products in particular. For example, if the genes of a product are modified, some countries regulate the product based on how it's made rather than its intrinsic and final characteristics.

Mrs. Eva Nassif: Could you name some of the countries you are referring to?

Is Germany, for example, one of those countries?

Mr. Frédéric Seppey: The European Union—and this affects some of the traits of canola—regulates products derived from biotechnology such as GMO canola, not based on its final characteristics, but because they are derived from biotechnology.

In Canada, we use an approach based on intrinsic and final characteristics. Under those conditions, whether canola is genetically modified or not, we regulate it in the same way. We examine those characteristics in terms of food safety, its phytosanitary characteristics, the health of plants and environmental impacts, regardless of the production method. This is a classic example of how some regulate their products based on how they are made, whereas others regulate them based on the intrinsic characteristics of the products.

•(1615)

Mrs. Eva Nassif: Thank you, it's very clear.

How will the way in which other countries, such as the European Union, see Canada affect our exports?

Mr. Frédéric Seppey: As we can see in the case of the European Union, the main factor is public perception, which has a huge impact on the public policy decisions that those countries make. Canada has consultations, but our regulatory system is based more on facts, science and risk analysis. Instead of talking about perception, we ask ourselves what the real impact a product may have when making decisions related to the environment, plant health or food safety.

The Chair: Thank you, Mr. Seppey.

Thank you, Mrs. Nassif.

Mr. Berthold, you now have six minutes.

Mr. Luc Berthold: Thank you very much, Mr. Chair.

We have talked at length about the countries with which Canada has free trade agreements, but we also import a lot of products from countries with which Canada has no free trade agreements, such as Egypt. Recently, there was an incident with strawberries contaminated with the hepatitis A virus. We have also talked about China.

In terms of Canadian imports, what is the major difference between countries that have no free trade agreement with Canada and those that do?

Mr. Frédéric Seppey: You are right that Canada has no free trade agreement with those countries. However, most countries in the world, with very few exceptions, are members of the World Trade Organization. The World Trade Organization has a certain number of rules, including compliance with sanitary and phytosanitary standards.

As a result, our relations and the measures that Canada can take to ensure food safety, plant and animal health protection, for example, are governed by the principles set out in the WTO's agreement on sanitary and phytosanitary measures.

Free trade agreements are rarely very specific about the standards to follow—that's more the role of the application principles. Canada, because of its regulatory system and the WTO obligations, must apply those measures for food safety in line with those principles, based on facts and science.

Mr. Luc Berthold: Many people are skeptical about the quality of the inspections carried out in those other countries. Does the Canadian Food Inspection Agency sometimes make visits to check whether Canadian standards are being followed in those countries?

Mr. Fred Gorrell: It depends on the country and product. As I said, the agency inspects products outside Canada, but it also inspects products when they arrive in Canada.

Mr. Luc Berthold: In addition to inspecting products, does the Canadian Food Inspection Agency also look at methods?

Mr. Fred Gorrell: Methods of protection?

Mr. Luc Berthold: Yes. It's easy to wash a product before shipping it to try to remove as much pesticide as possible. Do you sometimes conduct site visits? For example, in the case of Egypt, was it only a general recall that has been issued? Are you going to make sure this problem won't happen again in the future?

Mr. Fred Gorrell: I think I understand your question. The agency trusts products arriving in Canada.

The Agency may inspect products in Egypt or elsewhere and the factories that manufacture these products, but it must always assess the risk and determine whether it is high or low. It's a way of determining if we have to visit one country more often than another to inspect the products.

•(1620)

Mr. Frédéric Seppey: I would like to speak to a point that Mr. Gorrell raised earlier.

When the agency wants to determine its risk analysis, it can use information that comes from different stakeholders. For example, in the past, the agency has used information from Canadian importers, and this information has led to investigations abroad. Hungarian duck is a recent example. The safety of plants in Hungary exporting foie gras or cuts of duck meat to Canada raised concerns. The agency travelled to Hungary to visit facilities, but no problems were identified.

Mr. Luc Berthold: Is the basic principle to trust the agencies?

Mr. Frédéric Seppey: No. The basic principle is that the agency will inspect the finished products to ensure that products sold in Canada are safe.

Depending on the finished products, an audit can be done using the risk techniques and determine whether there is a safety issue. There are different ways to proceed.

Mr. Gorrell talked about results-based regulation. We try to negotiate equivalences, not to follow exactly the same manufacturing protocol, but to achieve the same result.

What is important for the agency is whether the finished product is safe, regardless of how it was produced. So it's the final product that must be tested.

We can actually be satisfied with production methods. In fact, this is what the agency did recently when it visited establishments where poultry is raised in Hungary.

Mr. Luc Berthold: Production methods are monitored by the agency, here in Canada.

Mr. Fred Gorrell: Yes.

Mr. Luc Berthold: In terms of products that come from elsewhere, we rely on the production methods that are approved. Here, the production methods are checked. However, abroad, the final product is the target of your inspections, hence my question earlier. With respect to production methods, I'm told that here producers supervised by the agency have to exert a great deal of effort and energy to meet the agency's standards, which foreign producers don't necessarily have to do or finance, because the levels of inspection and monitoring of production methods aren't the same.

I'm just closing the loop, further to what I said earlier. If it's only on the basis of complaints that the agency travels abroad, it must be really in the case of a very serious situation. You don't go to countries to do sporadic inspections to see if the methods are correct.

Mr. Fred Gorrell: I'm sorry, but I will answer in English because I can to be more specific that way.

[English]

Obviously no agency inspects everything around the world. As Mr. Seppey and I said, we look at the outcomes. Is the product safe, whole, and good for Canadians? How they produce it and the rules and the laws in their countries could be similar or they could be different. For example, the European Union has 28 countries. We inspect some of them, and we work with the European Commission to ensure that all the countries are abiding by the rules we made in our agreement. At the end of the day, are the products that arrive in Canada safe? We are not able to tell another country, literally, from a safety point of view, yes, but we look at what the laws are, the rules, and how they do it. Is some of that the same as how we produce things in Canada? No—

The Chair: Thank you, Mr. Gorrell.

I'm going to have to cut you off.

[Translation]

Thank you, Mr. Berthold.

Mr. Poissant, you have six minutes.

Mr. Jean-Claude Poissant (La Prairie, Lib.): Thank you very much for your presentation.

I want to check something. You said that you still have several responsibilities, including food health and safety. You also manage the animal and plant food sector.

Do all the people in these sectors get together and talk to each other or do they work in silos? I would like to hear your comments on this.

Mr. Fred Gorrell: Okay. Thank you for your question, Mr. Poissant.

We work together. There is no silo in terms of each group. For example, now, through the new branch, the agency and the department are working together. Within the Canadian Food Inspection Agency, there are groups responsible for food and plant safety. All the groups and all the work is integrated to have the best answer or the best decision, but it isn't easy to do because, in reality, I'm an expert in one sector, and Mr. Seppey is an expert in another. That's why the new branch has been created. It's a way for us to make sure we're working together.

• (1625)

Mr. Jean-Claude Poissant: If I understand correctly, sometimes you get together and speak a little more generally to understand one another better.

Mr. Fred Gorrell: Yes, of course.

Mr. Jean-Claude Poissant: My other question is along the same lines as Mr. Berthold's. It's more for Mr. Seppey.

When we know we are going to discuss trade with other countries, do we take the time to check their health standards and production standards before getting the conversations going and starting the discussion? We often end up with tariff barriers afterwards, but is there any work done beforehand?

Mr. Frédéric Seppey: Thank you for your question.

Indeed, before starting negotiations, there are always periods of stakeholder consultation to obtain as much information as possible about export opportunities, but also about the barriers that may exist. Before starting negotiations, we try to clarify or articulate our position to find solutions to these barriers.

The approach we have taken in negotiations with the European Union is a good example. We knew that the problem, as far as the European Union was concerned, wasn't related to tariff barriers, but clearly to regulatory barriers.

Considerable efforts have been made not only to obtain tariff reductions, but also to ensure that the strong regulatory principles that were adopted, such as those contained in the Sanitary and Phytosanitary Measures Agreement, could be improved.

In this spirit, we always try to obtain as much information as possible to best resolve these non-tariff barriers. For example, in the EU meat market, we negotiated side letters that dealt specifically with methods of decontaminating meat carcasses. The approaches adopted by European countries involve limiting interventions much more, because their concern is more with the functional quality of meat rather than safety. To a certain extent, these countries take a different approach to ours. So we negotiated a side letter to make sure that a principle or a collaboration was embedded in the agreement, which would enable us to have our methods of decontamination better understood and respected by the European Union.

Mr. Jean-Claude Poissant: Very good.

I have another question for you. We know that the provinces are also going to be adopting legislation and regulations on food safety. How do you see that? Do the provinces consult you before they adopt new standards?

Mr. Fred Gorrell: That is a good question.

All interprovincial and international standards come under federal government responsibility. The standards that apply to provincial abattoirs, for example, come under provincial responsibility, but interprovincial and international trade comes under the responsibility of the federal government.

Mr. Jean-Claude Poissant: Okay. So they cannot lower the standards.

Mr. Fred Gorrell: In general, federal standards are higher.

Mr. Jean-Claude Poissant: They are higher.

Mr. Fred Gorrell: Exactly.

Mr. Jean-Claude Poissant: We are watching the start of a conflict between China and the United States. The United States said that they were going to impose a tax on steel, and so on. Then China said that it was going to tax products like soy, fruits and vegetables.

If those countries were to go off in that direction, what effect would it have on Canada?

Mr. Fred Gorrell: I will start the answer and my colleague Mr. Seppay might well want to make some comments.

First of all, a trade war does no one any good. There have to be predictable rules and legislation. Perhaps there will be short term advantages for Canada, for pork exports, for example, but, in my opinion, the lack of predictable trade rules between China and the United States may lead to a greater conflict. Canadian industry might perhaps have an advantage, but, in the long term, it would not be a good thing.

The Chair: Thank you, Mr. Gorrell and Mr. Poissant.

Mr. Dreesen, you have five minutes.

• (1630)

[English]

Mr. Earl Dreesen (Red Deer—Mountain View, CPC): Thank you very much. I'm certainly happy to be here to speak to you about some of these issues.

Again, the trade part is something that I am quite concerned about. We have so many non-tariff trade barriers that we have seen, whether in China with our canola or some of the grains that we sell into Europe, and we understand the reasons that happens. We also have a lot of interprovincial barriers as well.

It was just mentioned earlier about the abattoirs and so on, as far as meat is concerned. I think that's one of the other barriers that we need to address, because we try to trade around the world, and then we have all of these other problems because we can't trade here within the country. Of course, there are more and more issues that are cropping up here about how Canadians are able to work with each other.

CFIA was really involved with the TB issue that had taken place in Alberta, Saskatchewan, and Manitoba, and we know how many

animals were in trouble. We also know how many were destroyed. Are we working on possibilities with new technology to look at DNA, facial recognition of animals, and all these types of things that we know are out there, so that we can satisfy the consumer who has our product and we can also make sure that we are just attacking those animals that are causing a problem?

We've seen it with BSE. Everybody thinks mad cow is the one that was in Europe where they were flopping around, because that's what CBC showed all the time, but that is not what happened in Canada. Yet we made a special point of making sure that it was done properly. Is the technology keeping up with that?

Mr. Fred Gorrell: I would say that the technology is there, but it's also for us—and "us" being the food inspection agency, the industry, and our colleagues at Agriculture Canada—to make use of that.

One of the key areas—and you made reference to the TB—is traceability, but it also came up relative to the BSE incident back in 2003.

For example, right now in Canada we do not yet have full traceability, whether it's with the ear tags or not. Recently we had the Canadian Meat Council, the Canadian Pork Council, as well as the Canadian cattlemen, all in together to have a conversation on the next steps on traceability for cattle and other animals. The key thing is that we need to use technology to answer some of the questions you've just asked.

One of the questions that the industry puts on the table often is that there is a cost, and who is going to pay for it. Then you have producers and packers in the room as well, so there is a conversation.

The idea would be, though, that technology is allowing us to do more now than we've ever been able to do. I know that the food inspection agency very much wants to have an innovative agenda to look at new ways of doing things, and given that we export 50% of everything we produce in Canada, it's incumbent upon us to take on this technology.

We do have an innovation renewal group within the agency to look at that. I think it won't move at the pace that perhaps everybody would want it to, but definitely using technology like e-certification on certificates and finding different ways of doing traceability, yes, we are looking at that.

Mr. Earl Dreesen: With that, though, when you take a look at what the budgets look like in the next couple of years, there is a reduction to CFIA. We used to have around 3,200 full-time equivalents. That, in the projections, is down to 2,600 to 2,800. There is always this talk about having the manpower, having the money, but we can see that it is coming out of CFIA, yet here is a time when we have to be looking at new ways of identifying. Are you looking at partnerships, then, now that you realize that the manpower and the dollars are not going to be there?

Mr. Fred Gorrell: That's a good question. For the agency, definitely, how we prioritize and where we put our money is important as well. Money sunsets and comes and goes. We have enough assets right now to do our job, and I think we are able to do it well.

Having said that, how we prioritize the money and putting money into the innovation is definitely an area that we're looking at. We are working with the provinces—Monsieur Poissant made reference to working with the provinces—very much, with other countries, and on regulatory co-operation with the United States. We're working with the European Union as well as Australia and other countries. We have to work with other countries for intelligence, getting information to know where there are risks, as well as how to do things better.

I would say yes to all of the points you have identified.

Mr. Earl Dreeshen: In the few seconds I might have, speaking then about some of the issues, especially with beef going across the border, there is a double inspection people look at there. The inspection that is done for the U.S. for meat products and animals coming into Canada is different from the one that we have going in the other direction.

• (1635)

Mr. Fred Gorrell: Yes.

Mr. Earl Dreeshen: We have enough problems in terms of being able to move product across. We want to make sure that we're competitive and that our regulatory system is working. Can you give us some advice on that?

Thanks.

The Chair: Thank you, Mr. Dreeshen. I stretched it as long as I could.

Mr. MacGregor, you have three minutes.

Mr. Alistair MacGregor: Thank you, Chair.

We are in the middle of completing a study on soil and water conservation. We've heard from many farmers, and they've demonstrated that they are employing a lot of really beneficial farming practices to farm in a sustainable way.

However, I am concerned about farming practices abroad. I want to draw your attention to Brazil. I'm sorry to single out Brazil, but 2.3% of Canada's imports come from Brazil, and between 1993 and 2013 an area of forest the size of Italy was cleared there. I think they are the top beef producer in the world.

I want to know how the Government of Canada.... Looking not only at plant and animal health and safety, what kinds of measures are we taking to ensure the food we import is farmed in a sustainable manner so that Canadian consumers can be sure the beef they're eating is not directly impacting wide swaths of Amazonian rainforests being burned and cleared? I'd like to know what kinds of standards we're looking at for that.

Mr. Fred Gorrell: I'm glad you left the easy question for me. Obviously I won't speak on behalf of the Government of Canada relative to environmental activity.

As for how they produce it, whether they're clearing their forests or not, what I do know, and again, I'm going to be somewhat.... We don't cover that in our trade agreements.

Mr. Seppey, is there anything additional on that?

Mr. Frédéric Seppey: Yes, and it relates to a question one of your colleagues raised. It's that the methods of production that are used can easily be used as an excuse for otherwise protectionist measures.

The situation you raise is a very significant one, and that's why it's important to have intergovernmental discussions on, for example, our common interest in the environment. The question is whether it is through trade agreements or trade measures that we encourage others to adopt what we feel are the most appropriate practices. Canada, as a significant exporter of agricultural and agri-food products, usually is more the victim of such non-trade or non-economic factors being used against us to block our exports than the reverse.

That is why Canada has always tried to adopt, as much as possible, an approach based on science and facts when it comes to regulations in trade. If the product is considered to be safe and to meet our standards in terms of food safety and plant and animal health, that's the criteria to apply to trade measures. There are other venues for us to address these very legitimate concerns that you raise.

Mr. Fred Gorrell: My colleague from Global Affairs, Jay Allen, would like to give you a few comments as well.

Mr. Jay Allen (Director, Sanitary and Phytosanitary Division, Global Affairs Canada): To add to what my colleagues have said, there's also a new initiative that we're undertaking when we pursue our free trade agreements, and that's what we're calling the progressive trade agenda. It's to address a lot of these things that you're talking about in terms of ensuring that, to the extent possible, our free trade agreements pass on benefits so that they have benefits for all citizens but also for the environment, for gender parity, and for labour. We're building these things in, and it's through these commitments to these more progressive elements that we are looking to move our trade agreements into that next generation, that next era where we are considering things of that nature.

The Chair: Thank you, Mr. MacGregor.

We've completed our rounds, but I think we'll open it up.

I know that you probably have a question, T.J., or if you don't....

Mr. T.J. Harvey: Now...?

The Chair: You can go ahead—

[Translation]

Mr. Luc Berthold: Mr. Chair, I feel that we should follow the order that we had. I do not see why we should continue without following that order. We established the speaking order and we should stick to it, so that everybody can have a turn in the round of questions. We still have time in front of us, because the meeting ends at 5 p.m. I do not understand why we would go from one speaker to another. We can continue with the order we have established.

The Chair: Do I have the committee members' consent?

Mr. Luc Berthold: You do not need the members' consent, because that is how we do it.

The Chair: We can do it either way, if there is consent. It's up to you. It does not bother me.

Mr. Luc Berthold: Personally, I would continue the questions in the order we have established.

[English]

The Chair: Okay.

T.J., you'll go second.

[Translation]

Go ahead, Mr. Berthold.

Mr. Luc Berthold: Thank you very much, Mr. Chair.

I really wanted to have some speaking time because I wanted to let Mr. Seppey and Mr. Gorrell have the chance to answer the very important question that my colleague Mr. Dreesen asked.

• (16:40)

[English]

Mr. Frédéric Seppey: In terms of the questions that you raise with respect to the double inspection in the United States, in the context of the current negotiations on the harmonization of the NAFTA, one of our key items for resolution is to try to convince our U.S. colleagues to adopt an approach that is more like the one that is adopted by Canada, of recognizing the equivalency and the fact that, in terms of outcome for food safety, when it comes to meat products, we are very similar. Therefore, to have requirements such as what exists in the United States where, when you cross the border you have to give a 100% visual inspection report to an inspection house before you can go and then have a significant portion of the shipment subjected to testing and being held before it can get to its final destination.... This is a requirement that is very much enshrined in the meat-specific regulations of the United States.

I can assure you that this is one of the main priorities for Canada when it comes to an outcome we would like to see in the context of the current NAFTA negotiations.

[Translation]

Mr. Luc Berthold: Thank you. I have another question for you.

We are currently in the process of studying changes to product labelling and packaging. In your opinion, could that be interpreted by some countries with which we have agreements as a non-tariff barrier to access to the Canadian market?

Mr. Fred Gorrell: That is a good question.

In fact, the United States has said that they could perhaps consider it as a non-tariff barrier. However, according to the legislation, Canada has the right to use whatever labelling it wishes.

[English]

But it has to respect the international norms and the standards and the laws. We respect our international obligations, but we have every right to have labelling to inform Canadian consumers and to ensure that consumers are healthy. Any time any country changes a label or the rules of import, other countries get nervous.

[Translation]

It works both ways, for Canada and for other countries too.

[English]

At the same time, as long as our policies are based on and respect our international trade obligations, I'm quite confident that we can

move forward, but it doesn't mean other people are going to like everything we do.

[Translation]

Mr. Luc Berthold: In terms of trade with other countries, they are sources of concern each time there are changes of that scale.

[English]

Mr. Fred Gorrell: The final thing has not been finalized. It will go for the final consultation, *Canada Gazette*, part two, and then there will be final comments both from Canadians and from our foreign trading partners. Based on those, Health Canada and the agency will make the final decisions, respecting, of course, our international trade obligations.

[Translation]

Mr. Luc Berthold: Given that international relations involve a lot of people, I would like to know whether Canada has made a decision on the way we are going to continue the discussion with Italy on durum wheat. I feel that the conflict affects us and it could be interpreted as a non-tariff barrier in terms of our exports.

Could you give me an explanation of the next steps that Canada intends to take in order to protect our wheat producers?

[English]

Mr. Fred Gorrell: I'll start and then my colleague...because it's actually—

Mr. Luc Berthold: Just be fast, because I don't have much time.

[Translation]

Mr. Fred Gorrell: The whole group is responsible for that. It is a challenge at the moment.

[English]

The idea would be that for the next steps, obviously, we'll be looking at the final regulation that the European Commission will put out. The European Commission supersedes the member states. Is Italy respecting the member states? Of course, we've been working very much with our stakeholders, the grains exporters, and they're, of course, not happy about a non-tariff barrier, whether it's country-of-origin labelling or...

At the same time, I have to say there's been a very good social media campaign by the farmers in Italy, who have basically said that the way we produce durum wheat in Canada is bad: Italy wheat, good; Canada wheat, bad. I think we lost that war on social media.

• (16:45)

Mr. Luc Berthold: Oh, yes?

Mr. Fred Gorrell: I do, and the industry has made that point. Relatively, to what we have to say, is it discriminatory? Are they going ahead with country-of-origin labelling? We're waiting for the European Commission to finalize their labelling law, and then, based on that, we will make recommendations. We are advocating and engaging them, letting them know that this is not a good way to start a trade agreement with Canada, given that the impact is \$300 million or \$400 million.

[Translation]

Mr. Luc Berthold: Okay.

The Chair: Mr. Allen, do you have anything to add?

[English]

Mr. Jay Allen: There's not a lot to add to that. Mr. Gorrell covered it very well. The other things I can say we're doing are that we're using our posts in Europe. We're using our posts in Brussels. We are talking to the European Commission. We're also working very closely with Canadian industry, hand in glove with them. We're taking it very seriously. We are using the resources that are available to us.

The Chair: Thank you, Mr. Allen.

[Translation]

Thank you, Mr. Berthold.

[English]

T.J., you have up to six minutes.

Mr. T.J. Harvey: Thank you, Chair.

I'd like to thank you all for being here, of course. I know you all have busy schedules.

Being from the agriculture industry, having worked both as a producer and in the processing side of the industry and still having strong connections there, I hear a lot of feedback from both producers and processors about cost recovery measures and some of the industry concerns around cost recovery.

I'm just wondering if you could speak to that. Mr. Dreesen commented briefly on the way our policy affects our Canadian farmers; he touched on it. I think it's something that's worth noting. What I hear as feedback coming from producers is that, at a time when we're looking to reduce the cost burden of the department, we're also seeing declining service from the department and an unwillingness or an inability to bridge those odd hours on the weekends and some of those finer intricacies.

Do you feel those concerns are validated, first of all? Second, do you feel that technology has a role to play there, or are there ways we can innovate and think outside the box to deliver the services to producers, processors, and packers that they deserve and need, while at the same time recognizing the fiscal constraints of the government?

Mr. Fred Gorrell: Thank you, Mr. Harvey. It is a good question. I think the key thing is that the CFIA is committed to continually improving to better serve the industry. That's a given. The service fees or the user fees, as they've been called as well, have not been updated for many years. It is an understanding that we need a consistency across that. The objective is to provide greater consistency in the fees as well as improve on the service, after hours, on weekends, as you made reference to. The trade environment is changing, as we've talked about here today. How we provide service to our industry also needs to change.

There are costs involved with that, but at the same time they are using technology, as I indicated. The industry is very happy about e-certification because it means, for example, that if you're in a remote area, an inspector doesn't have to go right out there at that particular time on the weekend. Certificates can be done electronically. That will both give greater availability and be cost-effective as well.

Mr. T.J. Harvey: I'm from the east coast, and our traditional bargaining chip has always been the proximity to the east coast market in the U.S. What we find happening and what I hear a lot about from producers and packers in my riding is that a lot of times orders don't come in until after 3:30 or 4:00 on Friday afternoon. Traditionally, due to the way the programming has been delivered, this hasn't been necessarily a big issue, but there seems to be a reluctance on the part of CFIA to accommodate orders that come in after that time.

Twenty-four hours is a long enough window for fresh packed orders to be in Boston or New York. They're struggling as an industry not necessarily totally with the cost but with the fact that the costs are coming forward at the same time as we're saying, no, we can't necessarily deliver that unless we have that on the table before a certain point in the week. It's very difficult for the industry to navigate that.

I'm just wondering if you feel technology could play a role in that. Are there ways we could better ensure that the service is delivered while recognizing the fiscal constraints?

• (1650)

Mr. Fred Gorrell: Yes, I think you've made a good point. Through January to April last year, there were broad consultations across Canada with all stakeholders to make sure of what is needed. A number of these points came out. Again, we know that service after hours has to be part of it. It's very clear that we're trying to make sure of the competitiveness of the industry, that we keep up with the other countries. All of these comments are being reviewed. We'll be coming out with a final decision on the fee packages, but the decisions are in making sure we have greater flexibility and greater service, and at the same time, I think we need to make sure that our fees are consistent on the services that are provided, and are understood. Of course, it's not the goal to make us uncompetitive.

The Chair: Mr. MacGregor, you have six minutes.

Mr. Alistair MacGregor: Thank you, Mr. Chair.

I wanted to raise the question of the chicken meat that's entering Canada.

As you know, as it's one of our supply-managed sectors, it depends on one of the three pillars of import controls. I know all of us around this committee table have heard from the Chicken Farmers of Canada about the issue of spent fowl from the United States. They feel that a lot of chicken coming into Canada is being fraudulently labelled as spent fowl. How is the CFIA dealing with this issue? I understand a genetic test can be used to properly determine whether it's a broiler or spent fowl.

Mr. Fred Gorrell: I'm going to call on my colleague, Mr. Seppey, because he's more conversant on this issue than I am.

Mr. Frédéric Seppey: You're absolutely right that a test is being developed to be able to assess whether chicken meat, the broiler meat, is spent fowl, as declared. Generally it should be the case, but there's always a risk of abuse. This is why the Government of Canada, working closely with Brock University, as well as with the Chicken Farmers of Canada, is working on developing a test.

Such a test, however, needs to be robust to be used by the Canada Border Services Agency, which would be responsible for following a risk management approach. That's where the efforts are taking place right now.

But we are working as diligently as possible to ensure any tests sustain the robustness expected by our border services agency.

Mr. Alistair MacGregor: Effective deterrents depend largely on two things: the fear of being caught, and probably a strong and effective punishment regime. When people or companies are caught doing this, how do we make sure they learn their lesson?

Mr. Frédéric Seppey: There are a number of mechanisms. In the past CBSA has applied the risk management approach, as they currently do, and often it doesn't make the headlines. As you pointed out, supply-managed products are on the import control list, and therefore, are considered to be products that need to be monitored to ensure the effectiveness of our system. CBSA has conducted spot checks and found that some products were imported, the rules were not respected, or that certain goods were labelled differently than what they were. That led to very significant monetary penalties that, in certain cases, led to the closure of some enterprises. This has a certain deterrent effect. We have seen that the number of imports of spent fowl that has been declared as spent fowl has varied over time, and one could infer that it's because of these spot checks.

Mr. Alistair MacGregor: Thank you.

Thank you, Chair, those are all my questions.

The Chair: Mr. Longfield.

Mr. Lloyd Longfield: Thanks, Mr. Chair.

I had some questions about farmers, but T.J. picked up on them. Somehow he was reading my mind.

Great answers as well. I want to thank you for the detailed answers you're giving us.

Back over to you, Mr. Chair.

The Chair: If I may, I'm going to take my opportunity to ask a question or two.

I think it was Mr. Gorrell who said we always treat imports the same as exports as far as safety and everything, but some countries allow different products on their food than Canada does, or it could be the other way around. I know of one country, for instance, that still allows DDT on their products, which we've banned for a generation, yet we still let it in if it's not higher than a certain percentage or parts per million, from what I understand, and you can

correct me if I'm wrong. How can we import products that are not allowed in Canada?

• (1655)

Mr. Fred Gorrell: For example, maximum residue levels are established at the Codex Alimentarius for most, not all, food in the world. We follow them or we have our own maximum residue levels. Because of the science, we've done a risk assessment. They could differ but they would be similar.

If we have a standard in Canada—I'll use 0.1 as an example—the product that's coming into Canada has to meet that standard, whether it's 0.1 parts per million or parts per billion. If it's greater than that, it would not be allowed into Canada. The CFIA, working with the pest management regulatory agency of Health Canada, does regular monitoring of imported products all the time. If contraventions of products are coming in, they get on a watch list, and then 100% of the next shipments are checked to make sure they're respecting the residue level in Canada.

Is there a possibility that a product will come into Canada with a residue higher than what's in Canada? Yes, but that's why we have the monitoring program and we work with certain countries. If it continues, that product would be banned from Canada and a watch list for it would be put on at the border.

The Chair: That would apply for a Canadian product also, if you were to find an illegal product that's been growing in Canada.

Mr. Fred Gorrell: Correct. If we have a Canadian product that is not meeting the maximum residue level, it would not be allowed into commerce because it has to respect the laws and regulations in Canada as well. We're not allowed to treat imports and domestic products differently. That's part of our international obligations.

The Chair: Those were my basic questions. Does anybody else have a question? We have a few minutes. If not, I certainly want to thank all of you for being here with us today and for keeping us informed as to how that system works to make sure we're always competitive and that we're aware of what could be a trade barrier or a non-trade barrier. That was very interesting.

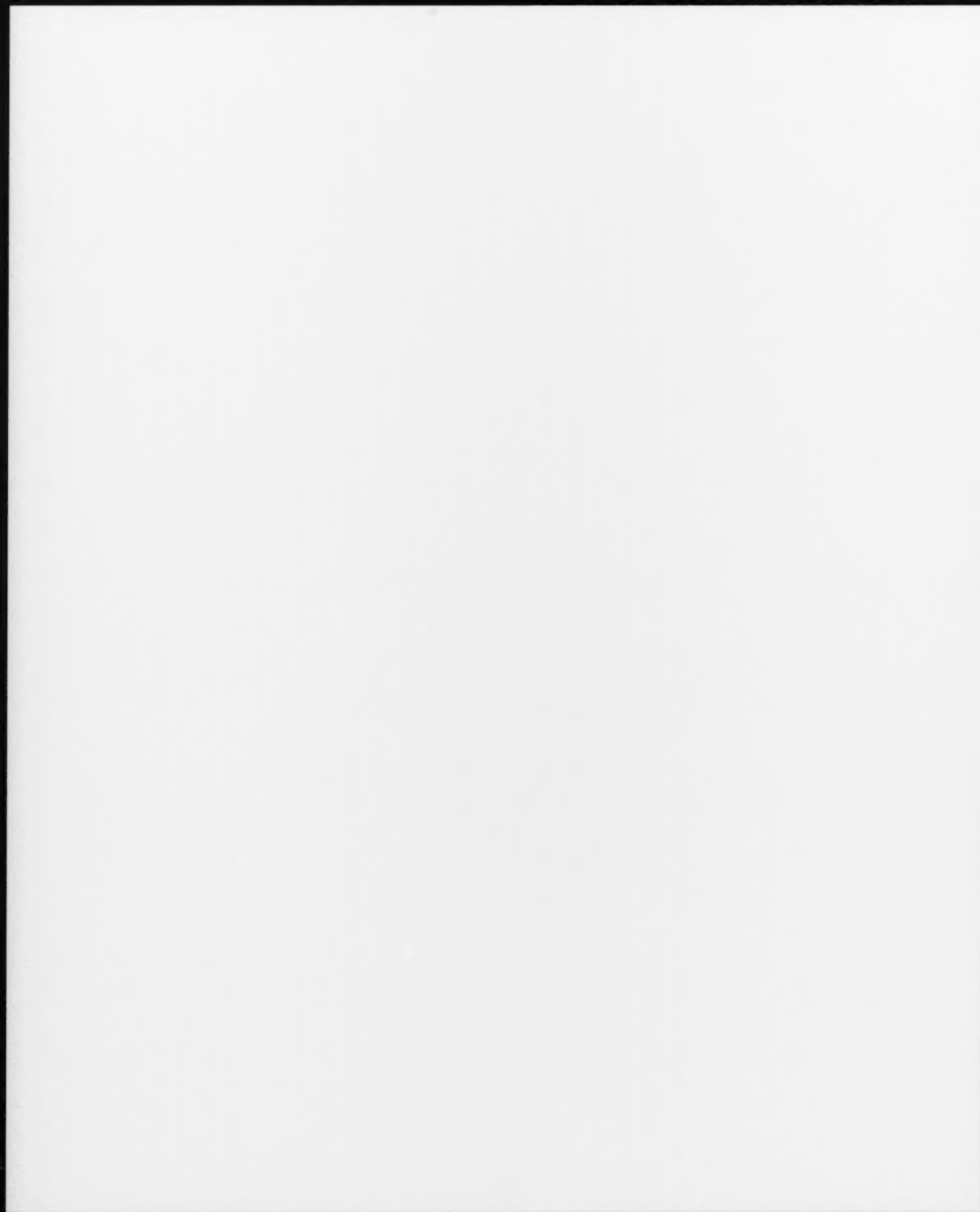
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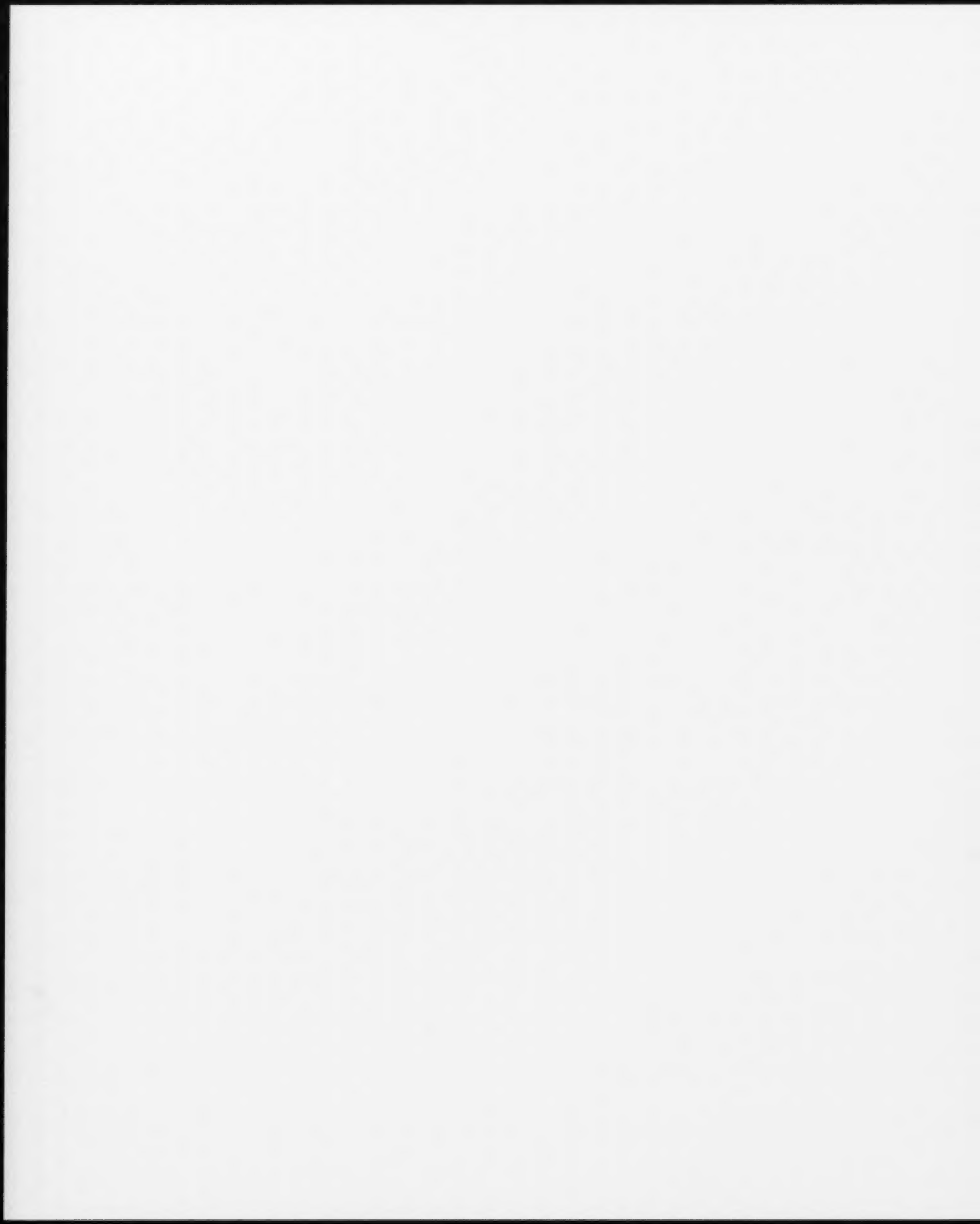
Thank you, everyone.

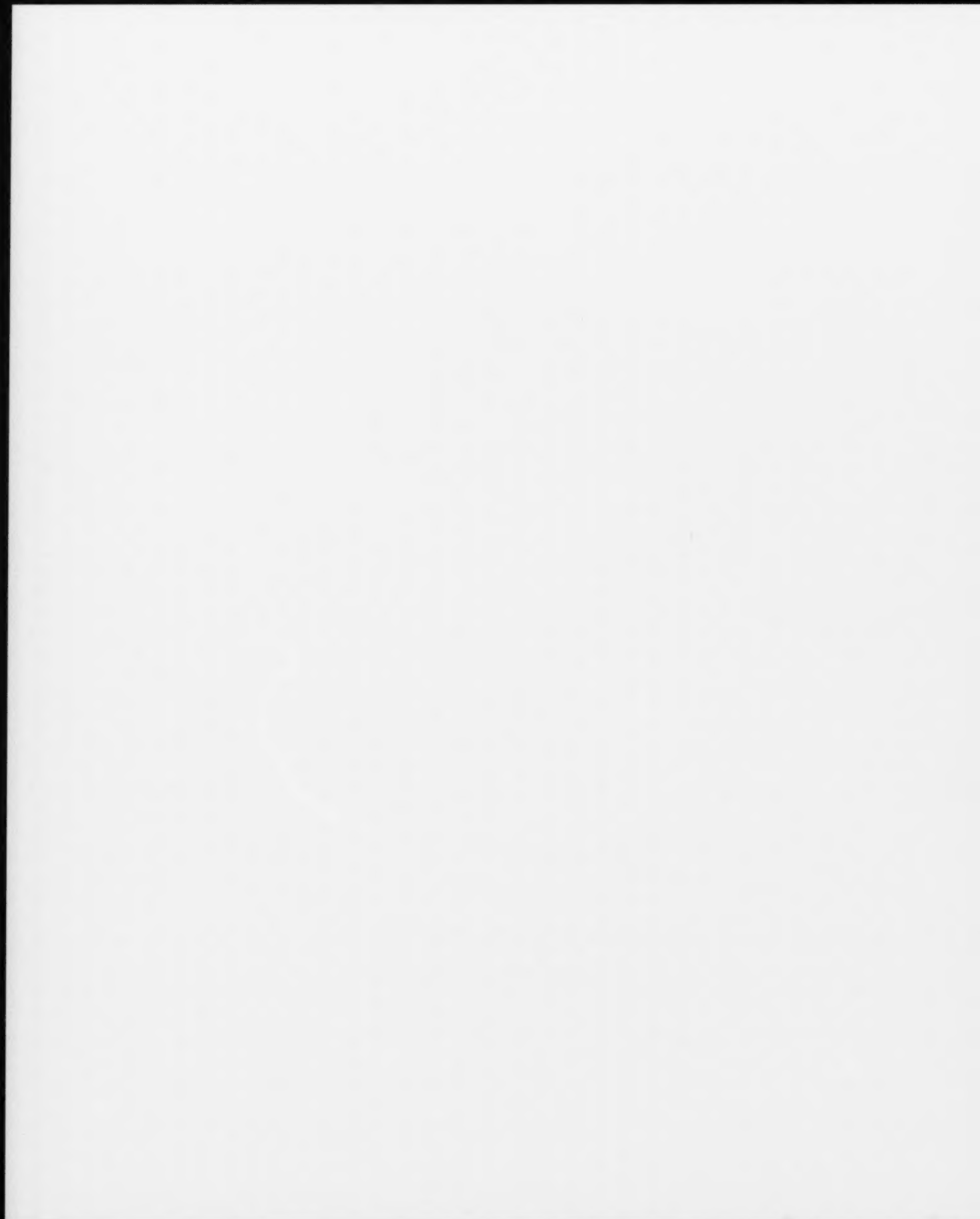
[English]

We shall suspend, and we will come back with our business session of the meeting.

[Proceedings continue in camera]







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